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DEPARTMENT OF NATURAL RESOURCES

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July 16, 2013

Mr. Lance Lee
Intermountain Power Agency
406 W. South Jordan Parkway, Suite 440
South Jordan, Utah 84095

Subject: Clarification of SMCRA Responsibilities, Wildcat Loadout, Intermountain Power Agency, C/007/0033, Task ID #4378

Dear Mr. Lee:

I am writing this letter in response to our earlier phone conversation and hope to be able to clarify the Division's position with regard to activities occurring within a SMCRA permit area.

The Division is responsible for the regulation of coal mining and reclamation operations and coal exploration in the state of Utah (see R645-100-300). In doing this, we issue a permit to an applicant after review of an application (which includes a mining and reclamation plan) and their posting a reclamation bond. The Permittee is then responsible for any "Mining and Reclamation Activities" that occur within the permit area. In some cases, other activities that are not part of the mining and reclamation activities may occur within a permit boundary. These might include but are not limited to, such activities as transportation corridors (motor vehicle or rail), oil & gas drilling, grazing, and oil transloading. Since these are not mining and reclamation activities, the Division does not regulate them. However, since they are occurring within a permitted area, the Division requires that these activities be identified and disclosed in the MRP so that it is clear to anyone going there, what activity is being conducted.

We acknowledge that the railroad may have the right to carry on other activities including the transloading of oil within their right-of-way and the Division has no jurisdiction over the railroad and that activity. We would expect IPA to identify the activity, but we would not consider IPA to be responsible for another party's activity. If a commercial truck or the railroad



had an accident within the permit area, we would not consider it a SMCRA related concern. The difficulty we have is when activities are not clearly identified and it becomes hard to distinguish between coal related activities and other third party activities that may be occurring. I hope this helps. Please let me know if you need any further clarification.

If you have any questions, please feel free to call me at (801) 538-5325.

Sincerely,

A handwritten signature in blue ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" and last name "Haddock" clearly legible.

Daron R. Haddock
Coal Program Manager